

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1
AUSTRALIAN POSTAL CORPORATION - UNITED STATES
POSTAL SERVICE BILATERAL AGREEMENT
(MC2010-35 AND R2010-6)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2017-2

**NOTICE OF UNITED STATES POSTAL SERVICE OF TYPE 2 RATE ADJUSTMENT,
NOTICE OF FILING FUNCTIONALLY EQUIVALENT AGREEMENT AND
APPLICATION FOR NON-PUBLIC TREATMENT OF
MATERIALS FILED UNDER SEAL
(December 22, 2016)**

The United States Postal Service (Postal Service) hereby provides notice, in accordance with 39 C.F.R. § 3010.40 *et seq.*, of a Type 2 rate adjustment for inbound small packets with delivery scanning, which results in improvement over default rates established under the Universal Postal Union (UPU) Acts for inbound letter-post items. This notice concerns the inbound portion of a bilateral agreement with the Australian Postal Corporation (“Australia Post”), which the Postal Service seeks to include within the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 product, in the market dominant product list of the Mail Classification Schedule.¹ In accordance with Order No. 2148,² the Postal Service explains in this notice how the Australia Post 2017 Agreement that is the subject of this docket is functionally equivalent to the agreement with China Post that is the subject of Docket No. R2010-6

¹ See PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket Nos. MC2010-35, R2010-5, and R2010-6, September 30, 2010.

² PRC Order No. 2148, Order Granting, in Part, Motion for Partial Reconsideration of Order No. 1864 and Modifying, in Part, Order No. 1864, Docket No. R2013-9, August 11, 2014.

(China Post 2010 Agreement). Accordingly the Australia Post 2017 Agreement should be included within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.

In accordance with 39 C.F.R. § 3010.41, the Postal Service is required to provide public notice no later than 45 calendar days prior to the intended implementation date, and to transmit notice to the Commission no later than 45 calendar days prior to the intended implementation date of a negotiated service agreement. To satisfy this requirement, the Postal Service is filing the Australia Post 2017 Agreement with the Commission more than 45 calendar days before the intended effective date of the Australia Post 2017 Agreement.

Attachment 1 to this Notice is the Postal Service's application for non-public treatment of these materials. A redacted copy of the Australia Post 2017 Agreement is included in the public version of this filing as Attachment 2. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

The full text of the agreement and supporting financial documentation are being filed separately under seal with the Commission.

I. Notice of Agreement and Rate Adjustment

A. Satisfaction of the Criteria under Part 3010, Subpart D of the Rules of Practice and Procedure

The Postal Service provides the following answers, descriptions, and affirmations in response to the criteria for contents of a notice of agreement in support of a negotiated service agreement, as provided in 39 C.F.R. § 3010.42. This statement provides support for the implementation of the Australia Post 2017 Agreement and the establishment of the rates offered therein. The discussion that follows concerns only

the inbound market dominant rates and related sections of the Australia Post 2017 Agreement. The subsections below address, sequentially, each of the relevant regulatory requirements.

[A] notice of agreement that shall include at a minimum the following information:

- (a) A copy of the negotiated service agreement;*
- (b) The planned effective date(s) of the planned rates;*
- (c) A representation or evidence that public notice of the planned rate adjustments has been issued or will be issued at least 45 days before the effective date(s) for the planned rates; and*
- (d) The identity of a responsible Postal Service official who will be available to provide prompt responses to requests for clarification from the Commission.*

A redacted copy of the Australia Post 2017 Agreement is filed as Attachment 2 to this notice. An unredacted copy of the Australia Post 2017 Agreement is being filed under seal in connection with this filing.³ The agreement's inbound market dominant rates are planned to become effective on or after February 1, 2017. Public notice of these rates is being given through this Notice at least 45 days before the effective date. Ms. Franca Davis, Managing Director, Global Business, will be available to provide prompt responses to requests for clarification from the Commission.

(e) A statement identifying all parties to the agreement and a description clearly explaining the operative components of the agreement.

The parties to the agreement are the United States Postal Service and Australia Post, the designated operators of the United States of America and Australia, respectively. This agreement includes negotiated inbound market dominant rates for various inbound small packets with delivery scanning.

³ The copy of the Australia Post 2017 Agreement filed under seal in connection with this filing has not been signed by either party. Australia Post has indicated that it expects to sign the agreement soon. Therefore, the Postal Service intends to file under seal a copy of the Australia Post 2017 Agreement executed by the Postal Service and Australia Post, as well as a redacted version of that document, in this docket soon.

(f) Details regarding the expected improvements in the net financial position or operations of the Postal Service. The projection of change in net financial position as a result of the agreement shall be based on accepted analytical principles. The projection of change in net financial position as a result of the agreement shall include for each year of the agreement:

(1) The estimated mailer-specific costs, volumes, and revenues of the Postal Service absent the implementation of the negotiated service agreement;

(2) The estimated mailer-specific costs, volumes, and revenues of the Postal Service which result from implementation of the negotiated service agreement;

(3) An analysis of the effects of the negotiated service agreement on the contribution to institutional costs from mailers not party to the agreement; [and]

(4) If mailer-specific costs are not available, the source and derivation of the costs that are used shall be provided, together with a discussion of the currency and reliability of those costs and their suitability as a proxy for the mailer-specific costs.

The agreement with Australia Post is expected to improve not only the financial performance over the default UPU rates that the Postal Service would receive, but it is expected to improve operational performance and other factors as well. The Postal Service provided the required information about expected financial improvements, costs, volumes, and revenues in the financial workpapers that it filed under seal with this Notice. Operational and other improvements that are expected to flow from this agreement are described below.

(g) An identification of each component of the agreement expected to enhance the performance of mail preparation, processing, transportation, or other functions in each year of the agreement, and a discussion of the nature and expected impact of each such enhancement.

For the Australia Post 2017 Agreement, operational and other improvements include:

- A process for collecting tracking events associated with small packets with delivery scanning sent from Australia to the United States;
- The establishment of improved accounting and settlement processes for small packets with delivery scanning;
- Sortation recommendations, and
- Additional data exchange requirements and measurement objectives set forth in Annex 6 of the agreement.

These improvements should enhance the performance of mail preparation, processing, transportation and other functions related to the delivery services provided for inbound small packets with delivery scanning items under the agreement.

(h) Details regarding any and all actions (performed or to be performed) to assure that the agreement will not result in unreasonable harm to the marketplace.

The Australia Post 2017 Agreement will not result in unreasonable harm to the marketplace. The Postal Service is unaware of any private entity that would be able to serve the United States market for small packets with delivery scanning from Australia on the terms and scale contemplated in this agreement.

In addition, the Postal Service and Australia Post serve as their respective countries' designated operators for the exchange of mail, including in particular letter-post, under rules set by the UPU. Designated operators ordinarily compensate one another for the delivery of letter post packets in accordance with terminal dues rates set by the UPU, unless a bilateral agreement is concluded.⁴ No other entities are in a position to serve as designated operators for the relevant types of mail either originating

⁴ See Universal Postal Convention Article 29 ¶11.

in Australia or destined for the United States. Also, because no other entities are subject to terminal dues rates with respect to inbound small packets with delivery scanning sent under UPU documentation to the United States from Australia, the market for the services offered under the Australia Post 2017 Agreement is in essence limited to its parties.

In sum, the Postal Service submits that the agreement is unlikely to pose competitive harm to the marketplace.⁵

(i) Such other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the requested changes are consistent with applicable statutory policies.

In this docket, the Postal Service is presenting only those parts of the Australia Post 2017 Agreement that concern delivery of small packets with delivery scanning in the United States that is tendered by a foreign postal operator (i.e., negotiated rates for an inbound market dominant product). The rates paid by the Postal Service to Australia Post for outbound delivery of certain Postal Service products in Australia under the Australia Post 2017 Agreement are not presented to the Commission, because those rates represent supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its mailing customers for outbound products. An agreement concerning outbound services with a postal operator would no more need to be classified as a product or otherwise subjected to prior Commission review than would an agreement to purchase trucking services from highway contractors or to purchase air transportation from air carriers.

⁵ This does not imply, however, that there is an absence of competition in this market. The market is liberalized to some degree, particularly for bulk business letters and heavier weight letter-post.

B. Data Collection Plan

Under 39 C.F.R. § 3010.43, the Postal Service must include with its notice of agreement “a detailed plan for providing data or information on actual experience under the agreement sufficient to allow evaluation of whether the negotiated service agreement operates in compliance with 39 U.S.C. [§] 3622(c)(10).”⁶ The Postal Service intends to report information on the Australia Post 2017 Agreement through the Annual Compliance Report. The Postal Service will continue to cooperate with the Commission to provide any necessary information about mail flows from Australia during the annual compliance review process. Therefore, the Postal Service proposes that no special data collection plan be created for the Australia Post 2017 agreement. Furthermore, with respect to performance measurement, the Postal Service respectfully requests that the Australia Post 2017 Agreement be excepted from separate reporting under 39 C.F.R. § 3055.3(a)(3) by virtue of Commission Order No. 996. That Order provided a standing exception for all agreements filed in the International Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping.⁷

C. Statutory Criteria

Under 39 U.S.C. § 3622(c)(10), the criteria for the Commission’s review are whether the agreement (1) improves the net financial position of the Postal Service or enhances the performance of operational functions, (2) will not cause unreasonable harm to the marketplace, and (3) will be available on public and reasonable terms to similarly situated mailers. The first two criteria have been addressed in Part I.A. above.

⁶ 39 C.F.R. § 3010.43.

⁷ PRC Order No. 996, Order Concerning an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. R2012-2, November 23, 2011, at 7.

With respect to the third criterion, there are no entities that are similarly situated to Australia Post in their ability to tender the small packed with delivery scanning flows from Australia that are the subject of the inbound market-dominant rates in the Australia Post 2017 Agreement, under similar operational conditions and UPU documentation. Nor are there any other entities that serve as a designated operator for letter post originating in Australia. Therefore, the Postal Service finds it difficult to conceive of a “similarly situated mailer” to which the Postal Service could make a similar agreement available; accordingly, the Postal Service views this criterion as inapplicable in this instance.⁸ Because all of the criteria set forth in 39 U.S.C. § 3622(c)(10) have been met, the Postal Service respectfully urges the Commission to act promptly by allowing the inbound market-dominant rates in the Australia Post 2017 Agreement to be implemented under 39 C.F.R. § 3010.40, as requested.

II. Functional Equivalence

In Order No. 2148, the Commission designated, “for purposes of functional equivalence comparisons in future market dominant FPO 1 [Foreign Postal Operators 1] filings,” the TNT Agreement filed in Docket No. R2010-5, and the China Post 2010 Agreement filed in R2010-6, as alternative baseline agreements, with selection of the baseline agreement in each filing at the option of the Postal Service.⁹

The Australia Post 2017 Agreement that is the subject of this docket is functionally equivalent to the China Post 2010 Agreement filed in Docket No. R2010-6.

⁸ See PRC Order No. 163, Order Concerning Bilateral Agreement with Canada Post for Inbound Market Dominant Services, Docket Nos. MC2009-7 and R2009-1, December 31, 2008, at 9-10 (“Given its narrow characterization of the underlying Agreement, the Postal Service’s position [as to ‘similarly situated mailers’] is correct. For purposes of this proceeding, the Commission concludes that it would be largely an academic exercise to consider whether a broader characterization should be employed.”).

⁹ PRC Order No. 2148, at 8.

The terms of the Australia Post 2017 Agreement fit within the Mail Classification Schedule (MCS) language for the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping, as revised and updated in the most recent working draft of the MCS available on the Commission's website.¹⁰ Therefore, the Australia Post 2017 Agreement and the China Post 2010 agreement conform to a common description.

The Australia Post 2017 Agreement and the China Post 2010 Agreement are constructed from a similar template and contain many similar terms and conditions. The two agreements include rates for small packet with delivery scanning tendered to the Postal Service from each respective foreign postal operator's territory. Each contract is with a foreign postal operator.

Therefore, the Postal Service submits that the Australia Post 2017 Agreement is functionally equivalent to the China Post 2010 Agreement, and should be added to the market dominant product list within the same Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product listing. There are, however, differences between the Australia Post 2017 Agreement and the China Post 2010 Agreement. The Postal Service provides the following comparison of the sections of the Australia Post 2017 Agreement and the China Post 2010 Agreement that concern inbound rates. Material differences between the two agreements concerning inbound rates include the following:

- The Australia Post 2017 Agreement and the China Post 2010 Agreement are with different foreign postal operators. As a result, the name and

¹⁰ See PRC, (draft) Mail Classification Schedule, posted January 15, 2016 (with revisions through October 31, 2016), available at <http://www.prc.gov/mail-classification-schedule>, 1602.3 Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1, at 199-200.

address of the foreign postal operator with whom the agreement is made is different in the title, first paragraph, the article concerning notice (Article 15), signature block and throughout the Australia Post 2017 Agreement.

- The second whereas paragraphs of each agreement are different.
- Article 1 Purpose of the Agreement, of the Australia Post 2017 Agreement differs from Article 1 of the China Post 2010 Agreement.
- The text of Article 2 Oversight and Effective Date, as well as Article 3 Conditions Precedent of the two agreements are different.
- Article 7 Customs Inspection Article 9 Dispute Resolution, Article 10 Construction, Article 11 Indemnification and Liability, and Article 13 Confidentiality Requirements are different.
- The text of Article 16 Force Majeure, Article 18 Amendment, and Article 21 Entire Agreement is slightly different.
- The term of each agreement set forth in Article 22 is different.
- The text of Article 23 concerning Intellectual Property, Co-Branding, and Licensing, and of Article 24 Survival is slightly different.
- Article 25 Warranties has been added.
- The inbound rates and the explanatory terms included in Annex 1 of the Australia Post 2017 Agreement are different.
- Annex 2, which includes various requirements related to inbound small packets with delivery scanning is different, and includes a sample label.
- Annex 4 is somewhat similar to Annex 5 of the China Post 2010 agreement, and includes routing details.

- Annex 5, similar to Annex 4 of the China Post 2010 agreement includes detailed item content requirements.
- Annex 6 is a new annex that includes data exchange requirements.

These differences do not affect the cost or market characteristics of the agreements; therefore, the Postal Service does not consider that the specified differences detract from the conclusion that the Australia Post 2017 Agreement is functionally equivalent to the China Post 2010 Agreement.

III. Application for Non-Public Treatment

The Postal Service maintains that certain portions of the Australia Post 2017 Agreement and related financial information should remain confidential. In accordance with 39 C.F.R. § 3007.21, the Postal Service files as Attachment 1 to this Request its application for non-public treatment of materials filed under seal. A full discussion of the required elements of the application appears in Attachment 1.

IV. Conclusion

For the reasons discussed, the Postal Service urges that the Australia Post 2017 Agreement be added to the product listing for Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 product in the Mail Classification Schedule.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel,
Global Business and Service Development
Corporate and Business Law Section

Christopher C. Meyerson
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7820; Fax -5628
December 22, 2016

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the Australia Post 2017 Agreement that is the subject of this docket. A redacted copy of the Australia Post 2017 Agreement is filed with the Notice as Attachment 2. In addition, a redacted version of the supporting financial documentation is included with this public filing as a separate Excel file.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that would not be publicly disclosed under good business practice. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).² Because the portions of the materials that the Postal Service is applying to file only under seal fall within the scope of information not required to

¹ PRC Order No. 225, Final Rule Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and e-mail address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of the instant agreement and supporting documents, the Postal Service believes that the only third party with a proprietary interest in the materials is the foreign postal operator with whom the contract is made. Through text in Australia Post 2017 Agreement, the Postal Service has already informed the postal operator, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and the operator's ability to address its confidentiality concerns directly with the Commission. Because of the sensitive nature of the Postal Service's relationship with the affected foreign postal operator, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices concerning the Australia Post 2017 Agreement. The Postal Service identifies as an appropriate contact person Ms. Franca Davis, Managing Director, Global Business. Ms. Davis' phone number is (202) 268-5459, and her email address is franca.s.davis@usps.gov.³

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

³ The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver to designate a Postal Service employee as the contact person under these circumstances, for the reasons provided in the text above.

In connection with its Notice filed in this docket, the Postal Service included the Australia Post 2017 Agreement, and financial workpapers. The Postal Service maintains that the redacted portions of the Australia Post 2017 Agreement and related financial information should remain confidential.

With regard to the Australia Post 2017 Agreement filed in this docket, the redactions withhold the actual prices being offered between the parties under the Agreement, as well as certain negotiated terms. The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, negotiated pricing, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the portions of the Australia Post 2017 Agreement that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about negotiated pricing is commercially sensitive, and the Postal Service does not believe that such information would be disclosed under good business practices. Foreign postal operators could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to foreign

postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial workpapers include specific information such as costs, assumptions used in pricing decisions, the negotiated prices themselves, projections of variables, and contingency rates included to account for market fluctuations and exchange risks. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing, in light of statutory, regulatory, or policy constraints. Thus, competitors would be able to take advantage of the information to offer lower pricing to postal customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the Australia Post 2017 Agreement, or from the information in the workpapers whether additional margin for net contribution exists. The settlement charges between the Postal Service and the foreign postal operator constitute costs underlying the postal services offered to each postal operator's customers, and disclosure of this cost basis would upset the balance of Postal Service

negotiations with contract customers by allowing them to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each foreign postal operator or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the foreign postal operator involved in the agreement at issue in this docket could use the information in the workpapers in an attempt to renegotiate the rates in its instrument by threatening to terminate its current Agreement.

Price information in the Australia Post 2017 Agreement and financial spreadsheets also consists of sensitive commercial information of the foreign postal operator. Disclosure of such information could be used by competitors of the foreign postal operator to assess the foreign postal operator's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The foreign postal operator would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of the prices in the Australia Post 2017 Agreement, as well as any negotiated terms, would provide foreign postal operators or other potential customers extraordinary negotiating power to extract lower rates from the Postal Service.

Hypothetical: The negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the prices. The other postal operator, which was offered rates that differ from those in the

agreement or modification to the agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered to it.

Harm: Public disclosure of information in the financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing delivery service obtains unredacted versions of the financial workpapers from the Postal Regulatory Commission's website. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to comply with business or legal considerations regarding cost coverage and contribution to institutional costs. It then sets its own rates for products similar to what the Postal Service offers its customers, below that threshold and markets its purported ability to beat the Postal Service on price for international delivery services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of one or more relevant international delivery markets. Even if the competing providers do not manage wholly to freeze out the Postal Service, they would significantly cut into the revenue streams upon which the Postal Service relies to finance provision of universal service.

Harm: Public disclosure of information in the financial workpapers would be used detrimentally by the foreign postal operator's competitors.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory

Commission's website. The competitor analyzes the workpapers to assess the foreign postal operator's underlying costs for the corresponding products. The competitor uses that information as a baseline to negotiate with U.S. companies to develop lower-cost alternatives.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international delivery products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products (including other postal operators) should not be provided access to the non-public materials. This includes the counter-party to the Agreement with respect to all materials filed under seal except for the text of the Australia Post 2017 Agreement, to which that counter-party already has access.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

AUSTRALIAN POSTAL CORPORATION – UNITED STATES POSTAL SERVICE BILATERAL AGREEMENT

This Agreement (“Agreement”) is between the United States Postal Service (“USPS”), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L’Enfant Plaza SW, Washington, DC 20260, and Australian Postal Corporation (“Australia Post” or “AUP”), an Australian statutory corporation established by an act of the parliament of the Commonwealth of Australia, and owned by the Government of Australia, with offices at 111 Bourke St, Melbourne, Victoria 3000. The USPS and Australia Post may be referred to individually as a “Party” and together as the “Parties.”

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of and/or non-objection by various entities with oversight responsibilities for each Party. Accordingly, each Party acknowledges and understands that the ability of the other Party to perform under this Agreement may not occur, and in this respect the provisions of Article 2 and 3 shall apply;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement as well as the terms of Article 3 of this Agreement entitled “Conditions Precedent”;

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

Article 1: Purpose of the Agreement

The purposes of this Agreement are the following:

1. to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties’ respective customers;
2. to set out the rates that will apply to the exchange of certain international products and services between the Parties, as set forth in Annex 1; and
3. to set out the principles and general terms and conditions that shall apply to the exchange of certain international products and services between the Parties, as further detailed in and set forth in Annexes 2, 3, 4, 5, and 6.

Article 2: Oversight and Effective Date

The terms and pricing set forth under this Agreement require the approval from various entities that have oversight responsibilities for the Parties. Upon execution of this Agreement, each Party must obtain the relevant approvals as set out in Article 3 below. Each Party shall immediately notify the other Party upon receipt of each approval it requires.

Subject to receipt of all approvals set out in Article 3, this Agreement shall come into effect on 1 February 2017 (“the Effective Date”) unless an alternative date is proposed and agreed to by both Parties, in which case that alternative date shall be the Effective Date.

Article 3: Conditions Precedent

The Parties acknowledge and understand that all obligations of the Parties under this Agreement shall be contingent on the Parties receiving the approvals from, and/or non-objection by (hereinafter “Conditions Precedent”) the following internal and external bodies that have oversight responsibilities:

Party	Approval Required
USPS	<ul style="list-style-type: none">- USPS senior management,- Governors of the USPS,- USPS Board of Governors and- U.S. Postal Regulatory Commission.
Australia Post	<ul style="list-style-type: none">- Nil

The Parties acknowledge that the Agreement might not be approved by such bodies. No obligation shall exist for the USPS or Australia Post and no benefit or rights granted through this Agreement shall inure to either Party unless and until the Effective Date occurs and upon such occurrence the Conditions Precedent shall have been deemed to have been fulfilled.

Article 4: Limitation on Liability and Costs

In the event that the Conditions Precedent are not fulfilled, the USPS and Australia Post shall have no liability, which shall include no obligation to pay costs associated with any action taken by Australia Post or USPS. Further, in the event of the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

Article 5: Price Changes; No Effect on Service Terms

For each of the services with specific terms and conditions set forth in an attachment to this Agreement, any adjustments to the rates for the services shall be subject to the terms and conditions set forth in the Annexes of this Agreement.

Article 6: Monetary Transactions

1. Each Party will bear the costs and retain the revenues for any work performed by it and by agents or contractors on its behalf, unless the Parties agree to other arrangements to allocate costs or revenues and those arrangements are incorporated in an Amendment to this Agreement. Any such subsequent Amendment shall be governed by Article 18 below.
2. All taxes and duties are the sole responsibility of the Party to whom they are duly assessed and shall not be charged to any other Party in any form unless the Parties otherwise provide in an Amendment to this Agreement. Any such Amendment shall be governed by Article 18 below.

Article 7: Customs Inspection

1. USPS bears no responsibility for the disposition of items in the custody of U.S. Customs & Border Protection or any other U.S. government agency with authority over imports and exports. Further, Australia Post understands that all contents of any item, including items that are treated as sealed mail under USPS regulations, are subject to inbound search and inspection by U.S. Customs & Border Protection, regardless of when the USPS elects to conduct verification and acceptance of any inbound items.
2. Australia Post bears no responsibility for the disposition of items in the custody of the Australian Customs and Border Protection Service and/or Australian Quarantine Inspection Service. Further, USPS understands that all contents of any item are subject to inbound search and inspection by Australian Customs and Border Protection Service and/or Australian Quarantine Inspection Service, regardless of when Australia Post elects to conduct verification and acceptance of any inbound items.

Article 8: Termination

1. Either Party may terminate this Agreement without cause upon 30 days advance written notice to be served on the other Party, with such termination effective as of the end of the calendar month in which the 30-day notice period expires. The right to terminate the Agreement for good cause remains unaffected.
2. In the event of termination of the Agreement under this Article, the Parties shall be liable to make final settlement of all amounts owing as of the effective date of

the termination. Each Party shall bear its own costs in the event of termination. All further rights and remedies shall remain unaffected.

3. In the event of termination, and as of the effective date of termination, the Parties shall revert to the default rates applicable under the Universal Postal Union Convention effective at the time of such termination, and neither Party shall be liable to the other for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason incurred as a result of the change of rates after termination.

Article 9: Dispute Resolution

1. The Parties intend to resolve all disputes under this Agreement informally through correspondence, oral communications, and informal meetings.
2. If the method described in the above paragraph proves insufficient to resolve a dispute, the Parties agree that the signatories to this agreement, or their replacement, shall be given a written description of the dispute by each Party and a suggested outcome. They will review the information provided and shall attempt in good faith to come to an agreement on the issue through correspondence, oral communications, or informal meetings.
3. If the methods described in the above paragraph prove insufficient to resolve a dispute, the Parties agree to refer that dispute to mediation, which shall consist of an informal, nonbinding conference or conferences between the Parties and the mediator, which shall perform mediation responsibilities in the English language. The mediator will be selected as mutually agreed by the Parties.
4. With the exception of disputes concerning cost or revenue liability, mediation will provide the sole means for addressing disputes related to this Agreement. If mediation does not resolve such a dispute, the Parties may exercise their right to terminate.
5. For disputes related to cost or revenue liability, and after attempting resolution through the actions outlined in paragraphs 1 and 2 of this Article, Australia Post and the USPS will first refer the matter to mediation as discussed in paragraph 3 above. If mediation does not resolve such a dispute, or the Parties are unable to agree upon a mediator, a dispute relating to cost or revenue liability shall be referred to arbitration for final settlement under the Rules of the International Chamber of Commerce ('the **Rules**') by three arbitrators who have substantial experience in business disputes and appointed in accordance with the Rules. Unless the Parties agree otherwise, the place of arbitration shall be determined by the arbitrators. The arbitration proceedings shall be conducted in the English language.

6. Notwithstanding the provisions of this Article 9, and without prejudice to Article 11, paragraph 1, in the event of conflict or inconsistency between the provisions of this Article 9 and Article 11, paragraph 1, the provisions of Article 11, paragraph 1 shall prevail.

Article 10: Construction

Except as otherwise provided in this Agreement, this Agreement shall be governed by and construed in accordance with U.S. Federal law. Where provisions of the UPU Convention are referenced as applicable to the terms of this Agreement, the Parties intend only that the terms of the UPU Convention shall be used to determine the conduct to which the Parties reasonably could expect the other to adhere.

Article 11: Indemnification and Liability

1. The Parties acknowledge that aspects of liability or indemnification in favor of third Parties not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union and any reservations the Parties have taken to those instruments.
2. In the event that an entity not Party to this Agreement asserts claims against Australia Post or USPS that are attributable to the actions of the other Party to this Agreement and are not subject to the provisions of the Acts of the Universal Postal Union, the latter Party shall indemnify the defending Party for, and hold the defending Party harmless from, any losses, damages or liabilities suffered by the defending Party as a result. In that instance, the indemnifying Party shall also reimburse the defending Party for all reasonable expenses incurred in connection with investigating, preparing for, or defending any such claim, whether in an administrative, regulatory or judicial proceeding, and whether or not the indemnifying Party is named in the proceeding.
3. Neither Party to this Agreement shall be liable to the other Party nor will they indemnify the other Party for any loss or damage including special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason, except for the following:
 - a. liability and indemnification as described in Article 11, paragraph 1,
 - b. final settlement under Article 8, or
 - c. any actual damage or loss suffered by a Party as a result of a breach of this Agreement by the other Party.
4. Nothing in this Agreement shall be construed as an acknowledgment or concession regarding the validity of any claim or the entitlement of any Party to any amount of damages.

Article 12: Language

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

Article 13: Confidentiality Requirements

1. The Parties may share confidential information about their businesses. Subject to the provisions of subparagraph 13.6 below, confidential information includes the terms of this Agreement and all information concerning either Party's markets, customers, organization, administration, operation, business, finance, methods and systems (including any secret process or trade secret).
2. The Parties will take the same measures (being not less than reasonable measures) to protect the other Party's confidential information in their possession, as they take to protect the confidentiality of their own information.
3. The Parties agree that all confidential information will be used by the recipient Party only for the purposes intended and will not be disclosed to any third Party unless;
 - (a) the disclosing Party has obtained the prior written consent of the other Party;
 - (b) the information is known to either Party prior to disclosure by the other Party;
 - (c) the information is public knowledge (except because of a breach of this clause or obligations of confidentiality under this Agreement); or
 - (d) is required to be disclosed by law, court order or administrative order to disclose;
 - (e) the confidential information is requested by any governmental body in the proper exercise of its oversight or investigatory jurisdiction;
4. The obligations of this clause will survive termination of this Agreement and will end on the second anniversary of the expiration or termination of this Agreement.
5. At the expiry and or termination of this Agreement both Parties must cease using any confidential information of the other Party and must immediately return to the other Party or destroy and certify they have destroyed all confidential information held on behalf of the other Party.
6. Australia Post acknowledges that, as part of securing approval of this Agreement and in other subsequent regulatory filings, this Agreement will be filed with the U.S. Department of State, and also filed with supporting documentation with the

U.S. Postal Regulatory Commission (Commission) in a docketed proceeding. Australia Post authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. Australia Post further understands that any unredacted portion of this document may be posted on the Commission's public website, www.prc.gov. In addition, the USPS may be required to file information in connection with this agreement (including revenue, cost, or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which "201#" signifies the USPS fiscal year to which the ACR pertains.

Australia Post has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure, is found at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website: www.prc.gov/Docs/63/63467/Order225.pdf. At Australia Post's request, USPS will notify Australia Post of the docket number of the Commission proceeding, if any, used in connection with this Agreement.

Article 14: Severability

If any of the provisions of this Agreement shall be held void or unenforceable, the other provisions shall survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement.

Article 15: Notices

Any notice or other document to be given under this Agreement will be in writing and addressed as set out below. Notices may be delivered by hand, email, or Express Mail Service.

To the USPS:

TBD
United States Postal Service
475 L'Enfant Plaza SW
Washington, DC 20260

To Australia Post:

Primary Contact for Australia- United States relationship and commercial opportunity matters:

Michael Cope
Global Development Manager
Australia Post
111 Bourke Street,
Melbourne Victoria 3000 Australia

michael.cope@auspost.com.au

Article 16: Force Majeure

Neither party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including catastrophic weather events, earthquakes, fires, floods, wars, sabotage, accidents, labor disputes or shortages, governmental laws, ordinances, rules and regulations, whether valid or invalid, court orders, whether valid or invalid, inability to obtain material, equipment, or transportation, and any other similar or different contingency.

All Force Majeure events will be treated consistently with the application of the pertinent UPU rules, as if they were controlling, unless otherwise stated in an Amendment made subject to Article 18 below.

Article 17: Legal Status of this Agreement

This Agreement constitutes a legally binding agreement on the part of each signatory hereto and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into or subject to public international law. This Agreement does not involve the creation of a wholly-owned subsidiary of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency or partnership relationship be created between them by this Agreement.

Article 18: Amendment

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of Australia Post and USPS (an "Amendment"). Neither a Party's acquiescence in any performance at variance to this Agreement nor a Party's failure to exercise any right or enforce any obligation shall be deemed an amendment to this instrument. The Amendment may be contingent upon any and all necessary approvals listed in Article 3. If such approvals are required, the Amendment will not become effective until such time as all necessary approvals are obtained.

Article 19: Assignment

This Agreement may not be assigned in whole or in part by any Party without the prior written consent of the other Party. Each Party may, however, delegate certain of its responsibilities under this Agreement to a subsidiary or other affiliate entity within its organizational structure without the need for consent by the other Parties so long as such subsidiary or entity would be bound by this Agreement.

Article 20: Applicability of Other Laws

The Parties acknowledge that this Agreement does not involve the USPS's acquisition of property or services and is not subject to the Contract Disputes Act (41 U.S.C. §§ 7101 et seq.).

Article 21: Entire Agreement

1. This Agreement and its annexes shall constitute the entire agreement between the Parties concerning the exchange of international mail described herein. Except as otherwise indicated in this Agreement, any prior agreement, understanding, or representation of any kind pertaining to the subject matter of this Agreement and preceding the date of this Agreement shall not be binding upon either Party.
2. The Parties acknowledge that the provisions of the Universal Postal Convention and applicable regulations continue to apply to their relations outside of this Agreement.

Article 22: Term & Renewal

This Agreement will remain in effect from the Effective Date until terminated pursuant to Article 8.

Article 23: Intellectual Property, Co-Branding, and Licensing

The Parties acknowledge that, in the service of improving existing international products or developing new international products or services under this Agreement, such products or services may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written license agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property until such time that a license for each specific such use has been executed by the Parties.

Article 24: Survival

The provisions of Articles 4, 6, 8, 9, 10, 11, 13, 14, 15, 17, 21, 22, and 23 as well as any other terms insofar as they apply to the Parties' continuing obligations to one another under the articles listed above shall survive the conclusion or termination of this Agreement.

Article 25: Warranties

The Parties, through the undersigned, represent and warrant that they have authority to, intend to, and hereby do bind themselves and their respective operating subsidiaries, divisions, and branches to the obligations and commitments set forth in this Agreement.

IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of this Agreement.

Australian Postal Corporation

United States Postal Service

Name

Name

Title

Title

Date

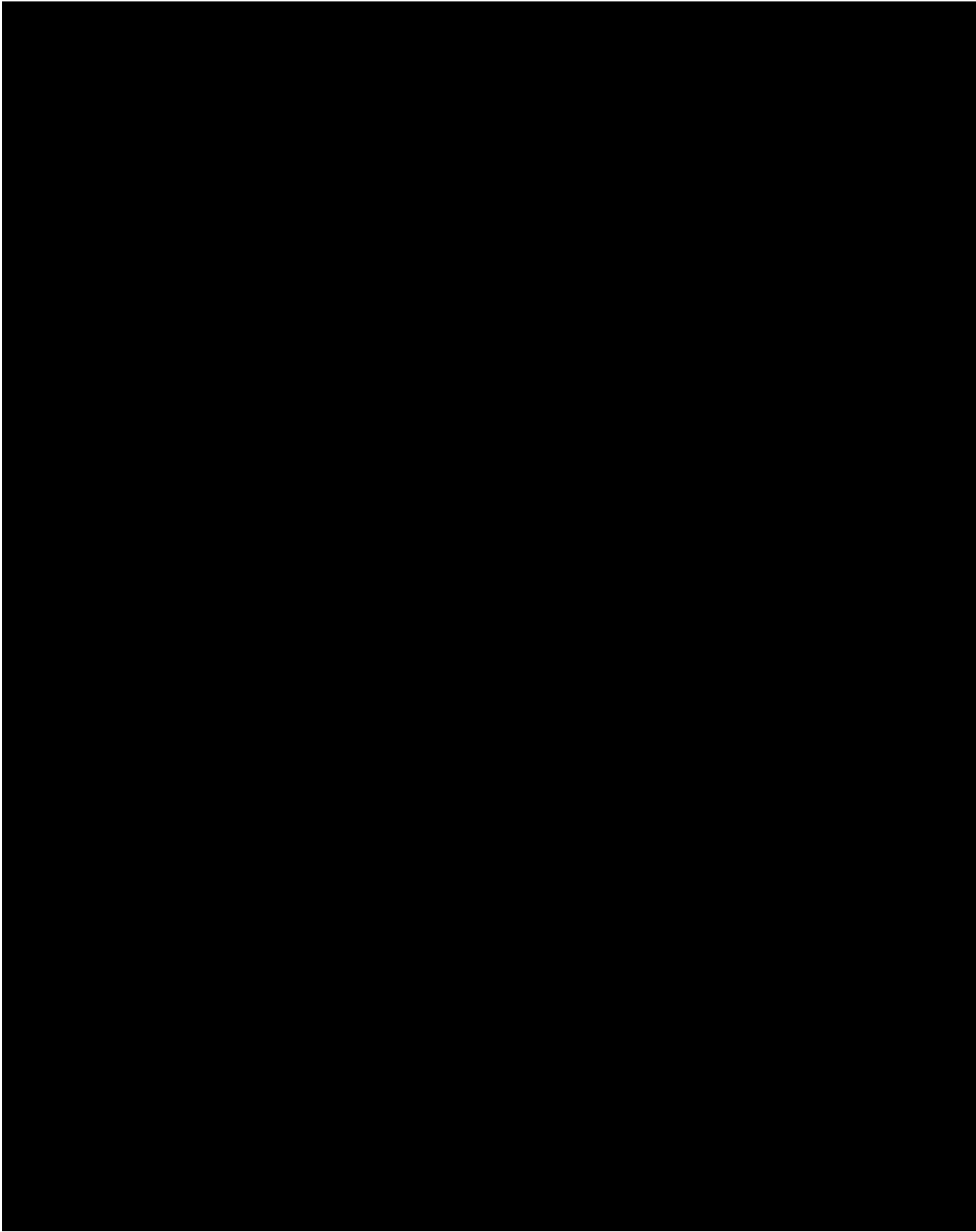
Date

Annex 1 - Rates

The rates below shall be in effect for the term of this Agreement, as set forth in Article 22. Changes in rates during the term of this Agreement will be negotiated and agreed to in accordance with Article 18.

Settlement rates listed in the tables included below are stated in Special Drawing Rights (SDRs) unless noted otherwise. Any changes to current specifications (i.e. sortation and preparation) must be agreed to in writing by both Parties as provided in Article 18 of this Agreement.

US to AU				Starting CY 2017		
Mail Category	Dispatch Subclass	Format	Description	SDR/Item	SDR/Kg	In SDR
A	UX	E	Tracked Packet (United States to Australia Small Packet with Delivery Scanning) - using settled item counts			
AU to US						
Mail Category	Dispatch Subclass	Format	Description	SDR/Item	SDR/Kg	In SDR
A	UX	E	Tracked Packet (Australia to United States Tracked Packet with Delivery Scanning) – using settled item counts			



Specifications of Mail Product Categories and Formats

The rates for the stream categories above shall be based upon the following format and product definitions:

Letters

As specified in UPU Letter Post Regulation (RL 130):

- Minimum dimensions: 90 x 140 mm.
- Maximum dimensions: 165 x 245 mm.
- Maximum weight: 100 g.
- Maximum thickness: 5 mm.

Flats/Large Letters

As specified in UPU Letter Post Regulation (RL 130):

- Minimum dimensions: 90 x 140 mm.
- Maximum dimensions: 305 x 381 mm.
- Maximum weight: 500 g.
- Maximum thickness: 20 mm.

Packets

Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Union Letter Post Regulations Article RL 121 and which has a weight of less than or equal to 2 kilograms.

Australia to United States Tracked Packet with Delivery Scanning

Refer to Annex 2 of this Agreement.

United States to Australia Small Packet with Delivery Scanning

Refer to Annex 3 of this Agreement.

Annex 2 – Australia to United States Tracked Packet with Delivery Scanning

For the purposes of this Annex 2 the product referred to as Tracked Packet with Delivery Scanning is defined as commercial or non-commercial packets and ‘Delivery Scanning’ will include inferred scanning in circumstances where delivery scanning is unavailable.

Package Specific Preparation Requirements

1. **Package Dimensions and Weight.** Each Tracked Packet with Delivery Scanning shipped under this Agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual. Specifically, each packet shall not exceed 2 kilograms in weight or limits of size specified in UPU Article RL 122.
2. **Package Labeling.** A bilaterally agreed upon label will be displayed on the outside of each package. Customers in Australia will use Australia Post certified software to print labels which will include a valid UPU Letter-Post barcode utilizing the LA through LZ prefix of the UPU S10 barcode construct. In addition, each item will display a completed customs declaration (CN22). The sample label is presented below. Australia Post shall strive to prepare each label, as much as reasonably practicable, in accordance with the guidelines set forth in the most recent version of the International Post Corporation [REDACTED] document.

Receptacle Preparation Requirements

1. **Separation from other products.** The Tracked Packet with Delivery Scanning product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing Tracked Packet with Delivery Scanning items.
2. **Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the mutually agreed-upon dispatch mail subclass code of “UX”. Each receptacle should also be identified by an Expres logo as per the sample labels below.
3. **Receptacle Routing.** To expedite the processing and delivery of these Tracked Packets with Delivery Scanning, the sending party shall present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 4.

Dispatch Preparation Requirements

1. **Separation from other products.** The Tracked Packet with Delivery Scanning product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including, but not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be mixed in dispatches containing the Tracked Packets with Delivery Scanning items.
2. **Dispatch Identification.** Each dispatch will use the mutually agreed-upon UX despatch mail subclass code and unique dispatch numbers, which shall not repeat within a calendar year period.
3. **Sampling.** The Tracked Packets with Delivery Scanning described in this Agreement are not subject to IPK sampling processes.
4. **Dispatch Manifesting.** All tracked packets will be dispatched using subclass UX and each dispatch will be pre-advised using existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the total weight will be transmitted as accurately and timely as possible. The Dispatch documentation will be the CN31, as per UPU Letter Post Regulations.

Return Service, Customer Inquiries and Compensation

1. **Return Service.** Return service for undeliverable, refused, or missent Tracked Packets with Delivery Scanning will be provided consistent with the current procedures for letter-post under the UPU regulations.
2. **Customer Inquiries.** USPS and Australia Post will use the PRIME customer service platform to handle customer inquiries.
3. **Compensation.** Other than specified in this Agreement USPS and Australia Post do not offer indemnity or insurance for Tracked Packets with Delivery Scanning. Accordingly, unless the Parties agree otherwise in a separate written agreement, neither the USPS nor Australia Post shall have any liability other than specified in this Agreement.

Service Standards

Tracked Packets with Delivery Scanning under this Agreement carry no day- or time-specific guarantee. Applicable domestic service standards apply once the Tracked Packets with Delivery Scanning are cleared through U.S. Customs and Border Protection and entered into the U.S. domestic mailstream.

Sample Labels

Below are sample labels for the Tracked Packet with Delivery Scanning. The Parties acknowledge that these are only samples and the required label may vary from time to time as agreed between the Parties.

Pack and Track International		CN22		Forwarder air bill – Non negotiable	
IMPORTANT: Use a ballpoint pen and press firmly. This form must be completed in English. Customer to complete all details except Official Use Only. See Privacy Notice on the back of label. The value of the items cannot exceed AU\$500. This service is for items weighing up to 2kg. Lodge this item over the counter at any Australia Post retail outlet. DO NOT lodge in street post boxes.					
From Name Company name Address City State Postcode Telephone/Fax number () Australia Post Account Number			To Name Company name Address City State Postcode Country Telephone/Fax number ()		
Customs declaration Full Description of Goods. Designation détaillée du contenu <div style="display: flex; justify-content: space-between; font-size: x-small;"> <input type="checkbox"/> Gift Cadeau <input type="checkbox"/> Documents <input type="checkbox"/> Merchandise Marchandises <input type="checkbox"/> Commercial sample Échantillon commercial <input type="checkbox"/> Returned goods <input type="checkbox"/> Other </div> HS Tariff No. (for Commercial Items) Country of origin Value (AUS Dollars) \$					
Sender's declaration The sender acknowledges that this article may be carried by air and will be subject to aviation security and clearing procedures; and the sender declares that: <ul style="list-style-type: none"> the article does not contain any dangerous or prohibited goods, explosive or incendiary devices; the information provided is true and correct; he/she accepts liability for any costs, including customs or excise duty, which may be imposed by Customs; and he/she agrees to the Australia Post Terms and Conditions available at www.auspost.com.au or in-store. Sender's signature Date Articles without this declaration completed will not be forwarded.			Official use only <div style="display: flex; justify-content: space-between;"> <div>Weight Kilos Grams</div> <div>Time: any/ym</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Date / /</div> <div>Office of Origin / Office WCC</div> </div> Acceptance officer's signature <div style="text-align: right; font-weight: bold; font-size: small;">AUSTRALIA POST</div>		

Sample from Australia Post online Click and Send system

Pack and Track International		CN22		Forwarder air bill – Non negotiable	
FROM Name Company name Address City State Postcode Telephone/Fax number		TO Name Company name Address City State Postcode Country Telephone/Fax number		Affix postage here	
Lodge this item over the counter at participating Australia Post retail outlets that offer Bank@Post™ service. DO NOT lodge in street posting boxes. The value of the items cannot exceed AU\$500. This service is for items weighing up to 2kg.					
Customs declaration Full Description of Goods. Designation détaillée du contenu <div style="display: flex; justify-content: space-between; font-size: x-small;"> <input checked="" type="checkbox"/> Gift Cadeau <input type="checkbox"/> Documents <input type="checkbox"/> Merchandise Marchandises <input type="checkbox"/> Commercial sample Échantillon commercial <input type="checkbox"/> Returned goods <input type="checkbox"/> Other </div> HS Tariff No. (for Commercial Items) Country of origin Value (AUS Dollars) \$					
Sender's declaration The sender acknowledges that this article may be carried by air and will be subject to aviation security and clearing procedures; and the sender declares that: <ul style="list-style-type: none"> the article does not contain any dangerous or prohibited goods, explosive or incendiary devices; the information provided is true and correct; he/she accepts liability for any duties, taxes, brokerage or any other charges which may be imposed at the destination. Sender's signature Date Articles without this declaration completed will not be forwarded.			Official use only <div style="display: flex; justify-content: space-between;"> <div>Weight Kilos Grams</div> <div>Time: any/ym</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Date / /</div> <div>Office of Origin / Office WCC</div> </div> Acceptance officer's signature <div style="text-align: right; font-weight: bold; font-size: small;">AUSTRALIA POST</div>		

Attach to item - CLICK AND SEND

Sample of IPC Harmonized Label

148 mm					
9 mm	CUSTOMS DECLARATION		CN22		FROM
6 mm	Designated operator		 <div style="border: 2px solid black; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; font-size: 24pt; font-weight: bold;">F</div>		
11 mm	<input type="checkbox"/> Gift <input type="checkbox"/> Comm. sample <input type="checkbox"/> Others <input type="checkbox"/> Docs <input type="checkbox"/> Returned Goods				
7 mm	Tick one or more boxes		First Last 111 Street City State ZIP Country		TO
18 mm	Quantity and detailed description of contents	Weight (in kg)			
8 mm	[Redacted]		[Redacted]	First Last 111 Street City State ZIP Country	
16 mm	[Redacted]		[Redacted]		
30 mm	I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by customs regulations. - Date and sender's signature: [Redacted]				26 mm 27 mm 11 mm 41 mm
49 mm		99 mm			
		AA ### ### ### AA			

Sample of Expres bag Label



Annex 3 – United States to Australia Small Packet with Delivery Scanning

For the purposes of this Agreement, the product Commercial ePacket is defined as commercial Flats (referred to as packets by Australia Post) and packets. Commercial ePackets use the prefix LX. Also, the eDelcon product, for the purposes of this Agreement, is defined as First Class Package International Service (FCPIS) packets that use the prefix LZ for which delivery scanning is available as a result of this Agreement.

Package Specific Preparation Requirements

- 1. Package Dimensions and Weight.** Each Commercial ePacket and eDelcon shipped under this Agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual. Specifically, each packet shall not exceed 2 kilograms in weight or limits of size specified in UPU Article RL 122.
- 2. Package Labeling.** A bilaterally agreed upon, label will be displayed on the outside of each package. Customers in United States will use USPS-certified software to print labels which will include a valid UPU Letter-Post barcode utilizing the prefix the LA through LZ prefix of the UPU S10 barcode construct. In addition, each item will display a completed customs declaration (CN22). The sample labels are presented below. The USPS shall strive to prepare each label, as much as reasonably practicable, in accordance with the guidelines set forth in the most recent version of the International Post Corporation [REDACTED] document.

Receptacle Preparation Requirements

- 1. Separation from other products.** The Commercial ePacket product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing Commercial ePacket items.
- 2. Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the mutually agreed-upon mail dispatch subclass code of "UX". Each receptacle should also be identified by an Expres logo as per the sample labels below.
- 3. Receptacle Routing.** To expedite the processing and delivery of these Commercial ePacket, the sending party shall present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 4.

Dispatch Preparation Requirements

1. **Separation from other products.** The Commercial ePacket product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including but, not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be mixed in dispatches containing the Commercial ePacket items.
2. **Dispatch Identification.** Each dispatch will contain the mutually agreed-upon UX dispatch mail subclass code and unique dispatch numbers, which shall not repeat within a calendar year period.
3. **Sampling.** The Commercial ePacket described in this Agreement are not subject to IPK sampling processes.
4. **Commercial ePacket Dispatch Manifesting.** Each dispatch will be manifested using the existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the total weight and number of pieces contained in each receptacle will be transmitted as accurately and timely as possible.
5. **eDelcon Dispatch Manifesting.**
All Commercial ePacket and eDelcon to be dispatched using subclass UX and each dispatch will be pre-advised using existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the total weight will be transmitted as accurately and timely as possible. The Dispatch documentation will be the CN31, as per UPU Letter Post Regulations.

Return Service, Customer Inquiries and Compensation

1. **Return Service.** Return service for undeliverable, refused, or missent Commercial ePacket and eDelcon will be provided consistent with the current procedures for letter-post under the UPU regulations.
2. **Customer Inquiries.** USPS and Australia Post will use the PRIME customer service platform to handle customer inquiries.
3. **Compensation.** Other than specified in this Agreement USPS and Australia Post do not offer indemnity or insurance for Commercial ePacket and eDelcon. Accordingly, unless the Parties agree otherwise in a separate written agreement, neither the USPS nor Australia Post shall have any liability other than specified in this Agreement.

Service Standards

Commercial ePacket and eDelcon under this Agreement carry no day- or time-specific guarantee. Applicable domestic service standards apply once the Commercial

ePackets are cleared through Australian Border agencies and entered into the AU domestic mailstream.

Sample Labels

Below is a sample label for the Commercial ePacket (LX). The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

CP22-CUSTOMS DECLARATION				FROM	First Last 111 Street City State ZIP Country United States	 Commercial ePacket U.S. POSTAGE PAID Arlington, VA 22102 PERMIT NO. 0	
Origin Post: US POSTAL SERVICE		Date of Mailing: 8/24/2015					
Category of item: Merchandise							
AES/ITN/Exemptions: NOEEI 30.37(a)							
Detailed description of contents							
DVD				TO	First Last 111 Street City State ZIP Country		
Qty	Net Weight (lbs/oz)	Value (US\$)	HS Tariff Number; Origin Country				
1		13.95					
13.95			TOTAL				
I certify the particulars given in this customs declaration are correct. This form does not contain any undeclared dangerous articles, or articles prohibited by legislation or by postal or customs regulations. I have met all applicable export filing requirements under federal law and regulations.				 1.1 lbs 			
Sender's Signature and Date Signature on File 8/24/2015				 LX ### ### ### US			
PS Form 2976 - GSS (March 2015)				Do not duplicate this form without USPS approval.		This item may be opened officially.	

Below is a sample label for the eDelcon Small Packet Service (LZ). The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

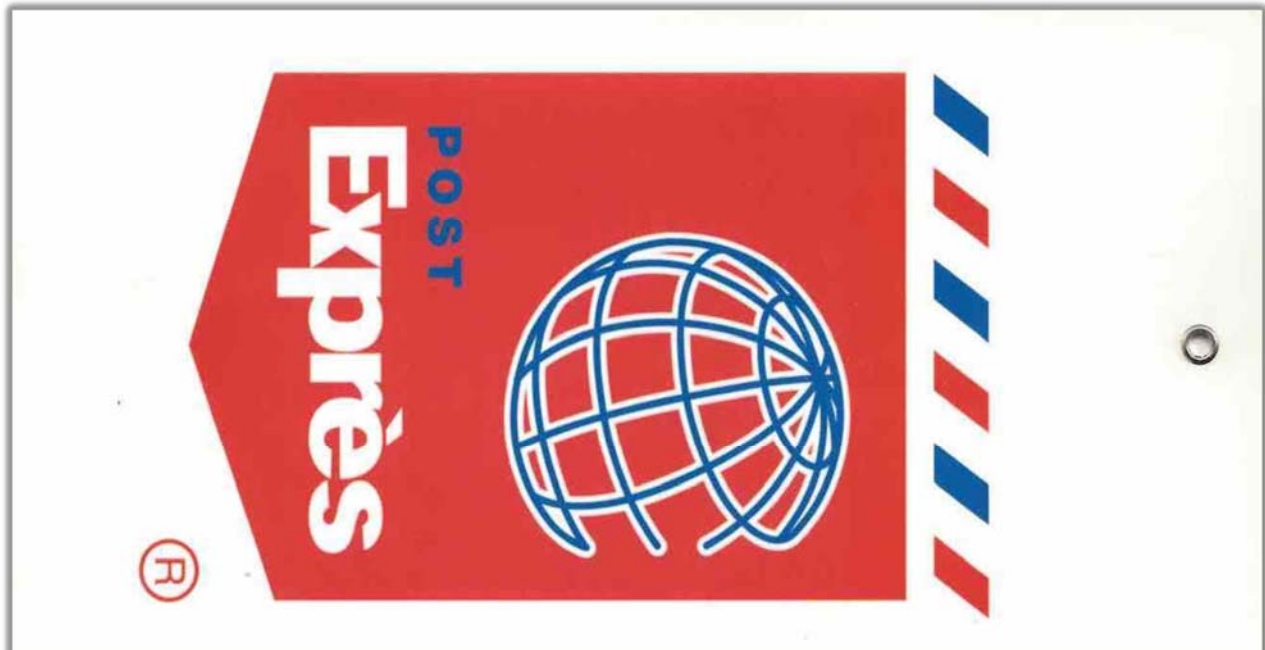
				Click-N-Ship usps.com US POSTAGE PAID		LZ#####US#####A#A# 	
LZ ##### AA		1 lb 0 oz		02/02/10		Commercial Base Pricing Mailed from 20026	
Customs Declaration CN 22				From:			
Contents: Gift <input type="checkbox"/> Commercial Sample <input type="checkbox"/> Documents <input checked="" type="checkbox"/> Other <input type="checkbox"/>				SENDER NAME STREET ADDRESS CITY, STATE, ZIP			
Detailed description of contents:			Qty.	Weight lb. oz.	Value (US \$)	To:	
Test			1	1 0	123.00	RECIPIENT NAME STREET ADDRESS CITY/PROVINCE, ZIP COUNTRY OF DESTINATION	
HS tariff number and country of origin:			1	0	123.00	PFC or Exemption/ Exclusion Legend	
I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations.						Mailing Office Date Stamp 	
Sender's signature: YOUR NAME				Date: 02/02/2010			
PS Form 2976-		Do not duplicate this form without USPS approval.		The item/parcel may be opened officially.			

Sample of Expres bag Label- Front and Back

Front of Tag



Back of Tag



Annex 4 – Office of Exchange Routing Details

USPS

The following table illustrates the appropriate United States (U.S.) points of entry for Australia to United States Tracked Packet with Delivery Scanning based on the destination address postal code.

Table A1: Suggested U.S. points of entry for Australia to United States Tracked Packets with Delivery Scanning

		From			
	<u>Tracked Packets</u>	AUBNEA	AUMELA	AUPERA	AUSYDA
To	USHNLA	96700-96999	96700-96999	96700-96999	96700-96999
	USJFKA	00500-45999	00500-45999	00500-45999	00500-45999
	USLAXA	80000-96699	80000-96699	80000-96699	80000-96699
	USMIAA	NA	NA	NA	NA
	USORDA	46000-79999	46000-79999	46000-79999	46000-79999
	USSFOA	NA	NA	NA	NA

Australia Post

The following table illustrates the suggested Australian point of entry for United States to Australia Small Packet with Delivery Scanning based on the first digit of the destination address postal code. A more detailed table based on the four digits can be provided upon request.

Table B: Suggested Australian points of entry for United States to Australia Small Packet with Delivery Scanning (Commercial ePacket and eDelcon)

First Digit of Postal Code	Suggested Australian Point of Entry	Commercial ePacket and eDelcon
NSW, ACT – Postcodes beginning with 1, 2 and 02, 4, and 9	Sydney	AUSYDA (Air LC/AO)
VIC, SA, NT, TAS – Postcodes beginning with 3, 8, 5, 08 and 7	Melbourne	AUMELA (LC/AO)
WA – Postcodes beginning with 6	Perth	AUPERA (LC/AO)

Annex 5 – Detailed Item Content Restrictions

All items mailed under this Agreement must conform to the following:

a) the mailability requirements of the United States Postal Service, as detailed in the International Mail Manual sections 134, Valuable Articles, 135, Mailable Dangerous Goods, and 710, Treatment of Inbound Mail; the United States country listing in the Universal Postal Union's Customs List of Prohibited Items; and Domestic Mail Manual section 601, Mailability. As of the execution date of this Agreement, these materials are available at the following websites, respectively:

http://pe.usps.gov/text/imm/immc1_013.htm

http://pe.usps.gov/text/imm/immc1_014.htm

http://pe.usps.com/text/imm/immc7_001.htm

<http://www.upu.int/en/activities/customs/prohibited-and-restricted-articles/cds-list-of-prohibited-and-restricted-articles.html>

<http://pe.usps.gov/text/dmm300/601.htm>

and

b) the mailability requirements of Australia Post, as detailed in the documents (including but not limited to the Australia Post Terms & Conditions, Australia Post International Post Guide and the Australia Post Dangerous & Prohibited Goods and Packaging Guide) found on the following websites (and as may be amended from time to time):

<http://auspost.com.au/statutorydocuments/generalpostalservices/frame.htm>

<http://auspost.com.au/media/documents/international-post-guide.pdf>

<http://auspost.com.au/media/documents/dangerous-prohibited-goods-packaging-post-guide.pdf>

<http://www.customs.gov.au/site/page4369.asp>

<http://www.daff.gov.au/biosecurity/mail/cant-mail>

Annex 6 – Additional Requirements

For services for which this Agreement sets rates, the following requirements apply to all bidirectional flows originating and destinating in the territories served by both Parties under this Agreement:

Data Exchange Requirements

1. Each Party shall generate and transmit, within [REDACTED] from the origin office of exchange, [REDACTED] higher;
2. Each Party shall generate and transmit, within [REDACTED] of the dispatch close from the origin office of exchange, [REDACTED] information;
3. Each Party shall generate for access by the other Party, [REDACTED] from origin office of exchange event scans.

Measurement Objectives

Australia Post will work towards providing [REDACTED] data on Australia to United States Tracked Packet with Delivery Scanning (subject to Annex 2) during the term of this Agreement. The United States Postal Service will work towards providing [REDACTED] data on United States to Australia Tracked Packet with Delivery Scanning (subject to Annex 3) during the term of this Agreement.

The Parties shall negotiate towards the objective of further measurements on quality and quantity of [REDACTED] including, but not limited to, any flows that are collected by Australia Post or the United States Postal Service.